

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 ISO-00 FMC-01 L-03

/043 R

DRAFTED BY EB/TT/MA:SVSMITH:BST

APPROVED BY EB/TT/MA:RKBANK

FMC:WJSMITH

EA/PHL:BAFLECK

----- 069500

P R 252146Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

INFO AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY OSLO

AMEMBASSY PANAMA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY STOCKHOLM

AMEMBASSY HELSINKI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EWWT, RP

SUBJECT: SHIPPING: PHILIPPINE DISCRIMINATION, PRESIDENTIAL

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DECREE 667: FORMAL FMC REQUEST TO DEPARTMENT OF STATE

REF: A) STATE 194250; B) STATE 200337; C) MANILA 11792

1. DEPARTMENT AND FMC REGRET THAT EMBASSY MANILA HAS TAKEN INFERENCE FROM REF B THAT FMC IS NOW INTERESTED ONLY IN RETALIATION AGAINST PD 667 RATHER THAN SEEKING ITS REPEAL OR WITHDRAWAL. REPEAL OR WITHDRAWAL OF PD 667 HAS BEEN DEPARTMENT AND FMC'S GOAL SINCE PD 667 PUBLISHED NEARLY SIX MONTHS AGO. WITH FMC NOTING ON AUGUST 13 THAT PD 667 STILL "ON THE BOOKS" FMC SENT DEPARTMENT LETTER QUOTED REF A WHICH REQUESTS DEPARTMENT AND EMBASSY TO RESOLVE PROBLEM BY DIPLOMATIC MEANS WITHIN 60 DAYS.

2. DEPARTMENT AWARE THAT IN EARLIER CABLES, WE AND FMC INDICATED THAT UPON PUBLICATION OF IT REGULATION, FMC WOULD ENTERTAIN COMMENTS FROM INTERESTED PARTIES. DEPARTMENT ALSO WAS CONCERNED, WHEN IT RECEIVED FMC'S AUGUST 13 LETTER WITH ATTACHED REGULATION, TO NOTE THAT THE PROVISIONS FOR COMMENTS BY INTERESTED PARTIES HAD NOT BEEN INCLUDED IN THE

REGULATION. REF C WAS THE RESULT OF OUR FURTHER DISCUSSIONS WITH FMC ON THIS MATTER. EMBASSY WILL NOTE IN PARA 2 REF C THAT ACTUAL COLLECTION OF FEES FROM PHILIPPINE FLAG VESSELS WILL NOT TAKE PLACE FOR 10-20 DAYS AFTER PUBLICATION OF FMC'S PROPOSED REGULATION, NOW SCHEDULED FOR APPROXIMATELY OCTOBER 12. FMC INFORMS DEPARTMENT THAT DURING THIS TIME, WHILE IT WILL NOT ACTIVELY SEEK COMMENTS, IT CERTAINLY WOULD CONSIDER ANY AND ALL COMMENTS OR SUBMISSIONS BY INTERESTED PARTIES.

3. EMBASSY WILL NOTE THAT CHAIRMAN BENTLEY'S AUGUST 13 LETTER HAS ATTACHED A COPY OF THE FMC'S REGULATIONS ISSUED PURSUANT TO SECTION 19. THESE REGULATIONS, WHICH WENT INTO EFFECT ON AUGUST 2, DO NOT REQUIRE PARTICIPATION BY INTERESTED PERSONS. (PLEASE NOTE THAT THE AUGUST 13 LETTER HAS ATTACHED TWO REGULATIONS, A REGULATION ON SECTION 19 PRO-LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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CEDURS IN GENERAL AND A SPECIFIC REGULATION ON THE PD 667 ISSUE).

4. FMC AND DEPARTMENT DO NOT BELIEVE THAT WE ARE "ON FAIRLY WEAK GROUND" IN PROCEEDING TO RETALIATE AGAINST PD 667 BECAUSE WE DO NOT AGREE WITH EMBASSY THAT EFFECTS OF PD 667 CONSTITUTE A "FUTURE WRONG". AS WE HAVE POINTED OUT IN EARLIER CABLES, PD 667 HAS NOT BEEN WITHDRAWN AND THEREFORE GOP PRIVATE NOTIFICATIONS TO THE U.S. THAT PD 667 WILL NOT BE IMPLEMENTED DO NOT IN ANY WAY DISCOURAGE PHILIPPINE SHIPPERS FROM SHIPPING ON PHILIPPINE

FLAG VESSELS IN ORDER TO OBTAIN PROMISED TAX
BENEFITS OF PD 667. AMERICAN INSTITUTE OF MERCHANT

SHIPPING, FMC AND DEPARTMENT HAVE RECEIVED FRESH
COMPLAINTS FROM U.S.-FLAG OPERATORS OF CONTINUED
LOSS OF CARGOES TO PHILIPPINE FLAG VESSELS ON
ACCOUNT OF PD 667. HENCE, FROM THE POINT OF VIEW
OF U.S. SHIPPING LINES AND THE FMC, EFFECTS OF
PD 667 ARE BEING FELT TODAY.

5. FMC AND DEPARTMENT REAFFIRM THAT OUR JOINT
OBJECTIVE IS TO HAVE PD 667 REPEALED. IF THIS HAS
NOT BEEN ACCOMPLISHED BY OCTOBER 12, FMC'S VIEW WILL
LIKELY BE THAT SEVEN MONTHS OF DIPLOMATIC EFFORTS
HAVE BEEN TO NO AVAIL AND THAT IT HAS NO CHOICE
BUT TO PUBLISH THE REGULATION ENCLOSED WITH CHAIRMAN
BENTLEY'S LETTER OF AUGUST 13 TO THE DEPARTMENT.

6. IN SPECIFIC REPLY TO POINT RAISED PARAS 3
AND 5 OF REF C, AND AS NOTED ABOVE, DEPARTMENT

HAS AGAIN QUERIED FMC ON THIS MATTER (AUGUST 25) AND
IS INFORMED THAT WHILE FMC DOES NOT INTEND TO
ACTIVELY SEEK THE VIEWS OF INTERESTED PARTIES IT
WILL CERTAINLY ACCEPT AND CONSIDER ANY VIEWS IT
RECEIVES SUBSEQUENT TO THE PUBLICATION OF ITS
REGULATION, SHOULD PD 667 NOT HAVE BEEN WITHDRAWN. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, MARITIME LAW, SHIP REGISTRY, DISCRIMINATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE202064
Document Source: ADS
Document Unique ID: 00
Drafter: EB/TT/MA:SVSMITH:BST
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750294-0077
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197508102/baaaatas.tel
Line Count: 138
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by CunninFX>; APPROVED <30 SEP 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: EWWT, RP, US, FMC
To: MANILA INFO ATHENS
BONN
BRUSSELS
CANBERRA
COPENHAGEN
THE HAGUE

LONDON
MONROVIA
OSLO
PANAMA
PARIS
ROME
TOKYO
STOCKHOLM
HELSINKI
EC BRUSSELS
OECD PARIS

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006